

Report | 5 February 2026

CREDIT

Euro Credit Supply: Strong start to the year for corporates

Corporate issuance surged in January, reaching €46bn – a record start to the year and well above the typical €35-40bn seen in previous years



Executive summary

January rebounds as Utilities, TMT and Autos lead EUR supply

Supply in January was strong, totalling €46bn for corporates. This is a record-breaking amount to kick-start the year, above the €35-40bn normally seen in previous years. Utilities, TMT and Autos were the driving sectors here with €12bn, €9bn and €8bn, respectively.

Corporate hybrid supply amounted to a notable €8bn in January, matching that of the large issuance seen in November at the very high end of the monthly averages. We expect a strong year of hybrid issuance given the increased level of first call dates, the increasing CAPEX needed for Utilities and Telecoms, and the current attractive conditions for issuance. Extremely low spreads and an all-time tight spread over senior levels mean that, from a funding perspective, it's an ideal time to issue.

Reverse Yankee supply set for a big year

Reverse Yankee supply was also decent, with €4bn coming to the market. While January is normally a little quieter for Reverse Yankee supply given the US earnings period, we are expecting a notable pick-up in February and into March.

However, in saying that, the initial wave we were expecting around February might underwhelm. With USD spreads now very tight, it may make more sense for issuers to do the USD deals they have planned first, then come with Reverse Yankees later. The expensive USD spreads are already beginning to reverse now, with EUR once again outperforming, but the cost saving is not as attractive as it was previously. We expect a further USD underperformance and opening back up of the differential.

We forecast a record-breaking €120bn for corporate reverse Yankee supply in 2026, as there is still a lot of financing that needs to get done and the cost-saving advantage will offer opportunities, not to mention the rush of US tech issuers coming to the EUR market. We argue that €120bn won't put too much pressure on the market and shouldn't crowd out European issuers. For now, the demand for credit is still very strong, and there is plenty of cash to be put to work.

Financials end January with decent supply levels

2026 saw a decent start in the financials' primary market with just over €41bn supplied in senior unsecured bonds. This is split with €15bn in senior preferred and nearly €27bn in senior bail-in instruments. It represents a €3bn drop versus 2025 YTD for the former while the latter remains broadly stable. We also note stable issuances in the bank capital segment. The picture is more positive in the covered bond segment with €29bn printed, up €3bn compared to January 2026.

Author

Timothy Rahill

Credit Strategist

timothy.rahill@ing.com

Marine Leleux

Sector Strategist, Financials

marine.leleux2@ing.com

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